

## Message Text

LIMITED OFFICIAL USE

PAGE 01 EC BRU 00330 181832Z

64

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SS-20 NSC-10 FEA-02 INT-08 SCI-06

AID-20 CEA-02 CIAE-00 COME-00 EB-11 FRB-02 INR-10

NSAE-00 RSC-01 CIEP-02 SPC-03 STR-08 TRSE-00 LAB-06

SIL-01 OMB-01 L-03 DRC-01 /157 W

----- 016980

R 181735Z JAN 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6276

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS UNN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS UNN

LIMITED OFFICIAL USE EC BRUSSELS 0330

STATE ALSO FOR T/IEP

E.O.11652: N/A

TAGS: ENRG, EFIN, EEC

SUBJECT: ENERGY: EC COMMISSION CONSIDERATION OF ECONOMIC  
IMPACT OF ENERGY SITUATION

REF: A. EC BRUSSELS 0201 B. STATE 2951

1. SUMMARY: THE EC COMMISSION IS STILL WORKING ON A PRELIMINARY  
ASSESSMENT OF THE ECONOMIC CONSEQUENCES FOR THE  
COMMUNITY OF THE ENERGY SITUATION (SOME INITIAL CONCLUSIONS  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 00330 181832Z

AND DATA WERE TRANSMITTED IN REF A.) A REPORT IS EXPECTED

TO BE TRANSMITTED TO THE EC COUNCIL ON JANUARY 31.  
COMMISSION CONTACTS TELL US THE REPORT  
WILL PROVIDE A GENERAL ASSESSMENT OF THE PROBLEM  
AND REFRAIN FROM MAKING SPECIFIC DEMAND MANAGEMENT  
POLICY RECOMMENDATIONS IN VIEW OF THE STILL VERY UNCERTAIN  
IMPACT OF HIGHER OIL PRICES ON PRODUCTION AND  
EMPLOYMENT IN THE COMMUNITY. END SUMMARY.

2. THE COMMISSION PLANS TO HAVE AN INITIAL DISCUSSION  
ON JANUARY 23 OF A DRAFT REPORT ON THE  
ECONOMIC CONSEQUENCES OF THE ENERGY SITUATION. FINAL  
APPROVAL BY THE COMMISSION IS PLANNED FOR JANUARY 30  
WITH SUBMISSION TO THE EC COUNCIL ON JANUARY 31.  
THIS TIMING IS IN ACCORDANCE WITH THAT ESTABLISHED  
AT THE EC SUMMIT IN COPENHAGEN.

3. WE UNDERSTAND FROM COMMISSION OFFICIALS THAT THE  
REPORT IS UNDERGOING CONTINUOUS REVISION TO TAKE INTO  
ACCOUNT RECENT DEVELOPMENTS. FOR EXAMPLE, THE REPORT  
IS NOW EXPECTED TO DEAL LESS WITH THE SUPPLY PROBLEM,  
THE OUTLOOK FOR WHICH IS ASSUMED TO HAVE IMPROVED IN  
RECENT WEEKS, THAN ON THE EFFECT OF HIGHER OIL PRICES  
ON THE BALANCE OF PAYMENTS AND DOMESTIC PRICE LEVEL.  
THERE MAY BE SOME MENTION OF PRICE AND INCOME  
POLICIES TO COUNTER THE DIRECT IMPACT OF HIGHER  
ENERGY COSTS. BUT THE DIFFICULTIES OF ASSESSING  
AT THIS TIME EVENTUAL SECONDARY EFFECTS ON PRODUCTION  
AND EMPLOYMENT ARE SUCH THAT THE COMMISSION WILL  
PROBABLY ADOPT A CAUTIOUS STANCE IN ITS REPORT AND  
AVOID PRESCRIBING SPECIFIC DEMAND MANAGEMENT  
POLICIES. RATHER, SUCH RECOMMENDATIONS WILL BE  
DELAYED UNTIL MARCH, WHEN THE EC FINANCE MINISTERS  
WILL MEET IN ONE OF THEIR SCHEDULED QUARTERLY SESSIONS  
TO DISCUSS THE ECONOMIC SITUATION OF THE COMMUNITY  
AND ESTABLISH POLICY GUIDELINES FOR MEMBER STATES.

4. SOME OF OUR CONTACTS PLAY DOWN THE IMPORTANCE OF  
THE REPORT AND TELL US IT SHOULD BE VIEWED SIMPLY  
AS AN ATTEMPT TO EXPOSE THE NATURE AND SCOPE OF THE  
PROBLEMS THE COMMUNITY WILL FACE IN THE COMING MONTHS,  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 EC BRU 00330 181832Z

WITH INCLUSION OF SOME SPECIFIC QUANTITATIVE ESTIMATES  
AS SUGGESTED IN REF A. THESE SOURCES POINT OUT THAT  
THE MORE IMMEDIATE FINANCIAL PROBLEM OF DEALING WITH  
THE RAPID INCREASE IN OPEC COUNTRY RESERVES -- IN-  
CLUDING SUCH NOTIONS AS A BAN ON NATIONAL MEASURES TO  
CORRECT EXTERNAL PAYMENTS IMBALANCES --  
ARE WORLDWIDE IN SCOPE AND CAN BE MORE FRUITFULLY  
DISCUSSED IN THE OECD AND THE COMMITTEE OF 20. GREENWALD

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, SUPPLIES, ECONOMIC REPORTS, PRICES, SUMMIT MEETINGS, BALANCE OF PAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 JAN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974ECBRU00330  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** EC BRUSSELS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740133/aaaabejh.tel  
**Line Count:** 115  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** A. EC BRUSSELS 0201 B. STATE 2951  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 01 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <01 APR 2002 by kellew0>; APPROVED <28 MAY 2002 by morefirh>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ENERGY: EC COMMISSION CONSIDERATION OF ECONOMIC IMPACT OF ENERGY SITUATION  
**TAGS:** ENRG, EFIN, EEC  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005